

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

**MARK E. FELGER (MF9985)**  
**JERROLD N. POSLUSNY, JR. (JP7140)**  
**COZEN O'CONNOR**  
LibertyView, Suite 300  
457 Haddonfield Road  
Cherry Hill, NJ 08002  
(856) 910-5000  
Proposed Attorneys for the Debtors

In re:

SHAPES/ARCH HOLDINGS L.L.C., et al.,  
  
Debtors.

Case No. 08-14631(GMB)

Judge: Gloria M. Burns

Chapter: 11

**SUPPLEMENTAL AFFIDAVIT IN SUPPORT OF RETENTION OF  
PHOENIX MANAGEMENT SERVICES, INC. AS RESTRUCTURING ADVISORS  
FOR THE DEBTORS**

COMMONWEALTH OF PENNSYLVANIA :

: ss.

COUNTY OF DELAWARE :

VINCENT J. COLISTRA of full age, being duly sworn according to law, upon his oath,  
deposes and says:

1. I am a managing director and shareholder of Phoenix Management Services, Inc.  
("Phoenix"), and have knowledge of the facts contained in this Affidavit.

2. On March 16, 2008 (the "Petition Date"), the Debtors filed their respective  
petitions for relief under Chapter 11, Title 11 of the United States Code (the "Bankruptcy  
Code").

3. On the Petition Date, an application was filed with the Court seeking the retention  
of Phoenix as restructuring advisors for the Debtors. The order authorizing the retention of  
Phoenix was entered by the Court on April 9, 2008.

4. Prior to the Petition Date, Phoenix was retained by Chrysalis, predecessor to Versa Capital Management, Inc. ("Versa") on a discrete matter unrelated to the Debtors' cases. Arcus ASI Funding, LLC and Arcus ASI, Inc. (collectively, "Arcus") affiliates of Versa, were the debtor-in-possession lender and proposed plan funder.

5. Phoenix is not currently representing Versa on any matters and the previous engagement on which Phoenix represented Versa was completed more than two years ago. Less than 1% of Phoenix's yearly revenue was generated from this matter.

6. In 2003, Phoenix retained Cole, Schotz, Meisel, Forman & Leonard, P.C. ("Cole"), as its counsel in a matter where Phoenix served as the assignee in a state court assignment for the benefit of creditors. Cole's representation of Phoenix was completed in January, 2004.

7. From time to time the CIT Group/Business Credit, Inc. ("CIT") has included Phoenix on lists of potential financial advisors provided to borrowers that require such assistance. Less than 1% of Phoenix's yearly revenue is generated from referrals of this nature from CIT in any one year.

8. From time to time CIT has engaged Phoenix to represent it in matters pertaining to existing or potential borrowers. Less than 1% of Phoenix's yearly revenue is generated from referrals of this nature from CIT in any one year.

9. In 2001, Phoenix was retained by H.I.G. Capital Partners ("HIG") to act as its financial advisors in analyzing a potential asset purchase. The purchase was never consummated and therefore Phoenix did not receive any compensation from HIG. Phoenix is not currently representing HIG on any matters and all previous matters in which Phoenix represented HIG have since been completed.

10. In the past, Phoenix has approached JPMorgan Chase Bank N.A. ("JP Morgan") and Textron Corporation ("Textron") to determine their potential interest in refinancing loans for certain of Phoenix's clients. To date, Phoenix has not placed any loans with JP Morgan or Textron and Phoenix has never received any compensation from JP Morgan or Textron.

11. The disclosures in paragraphs 5, 7, 8 and 10 of this supplemental affidavit were set forth in an engagement letter issued prior to the commencement of these cases, which Phoenix believed was to be annexed to its retention application. The disclosures in paragraphs 6 and 9 of this supplemental affidavit are being as a subsequent event because Cole and HIG were not known to be involved in these cases until after Phoenix's retention letter. The fact that the engagement letter was not attached to the retention application was first brought to the undersigned's attention at his deposition on April 29, 2008.

12. Your affiant believes that it continues to meet both the "no adverse interest" and "disinterested person" tests applicable under Section 327(a).

  
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Vincent J. Colistra

Sworn and subscribed to  
before me this <sup>12</sup>8th day of  
May, 2008.

  
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